

# Spring 2015 Auditor's Conference

## Review of Abstracts

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The goal of the March abstract process is to verify that tax bills are created accurately and in compliance with statute. This handout is designed to assist you by describing each phase of the process.

This handout includes descriptions of (1) the overall process, including a glossary, (2) the initial survey, (3) the credit worksheet calculations, with a listing of the 2015 county local option income taxes (LOITs), (4) the AOS review of submitted Abstracts, and (5) the Circuit Breaker calculations.

The Abstract is a summary report of real and personal property assessed values, deductions, tax charges and credits for a property tax year filed by county auditors with the Auditor of State's office. It is a report of property values and taxes charged in a county. The Abstract template is created by the Settlement Department at the Auditor of State (AOS) and provided to the Department of Local Government Finance (DLGF). DLGF uploads taxing district names, fund titles and codes, and county specific tax rates for each county. The DLGF sends the county specific abstract to the Settlement Department. Then, the Settlement Department updates the Abstract with information collected in the Pre-Abstract survey. The LOIT credit rate calculation immediately follows.

In 2015, except for the certification and printing, the Abstract process lasted from January 30 through early April. On average, it took a little over two weeks from the Abstract being made available to the counties to pre-approval from the AOS. The table below provides more detail on the timeline of the Abstract process.

### Timeline for 2015

Form name	Average date	Difference (in days)
Pre-Abstract Survey available	1/30/2015	
Pre-Abstract Survey completed	2/8/2015	9
Abstract received from DLGF	2/18/2015	
Abstract available (credit worksheet not applicable)	2/21/2015	3
Credit Worksheet available	2/20/2015	2
Credit Worksheet returned	3/1/2015	9
Abstract available (credit worksheet applicable)	3/3/2015	2
Abstract first submission	3/10/2015	11
Abstract correct submission	3/12/2015	13
Pre-approval given	3/15/2015	3

# Acronyms & Definitions

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**Abstract** – A summary report of real and personal property assessed values, deductions, tax charges and credits for a property tax year filed by county auditors with the Auditor of State's office

**Agricultural Municipal Tax Exempt (MTE)** – An area can be exempt from city/town taxes if specific measures are taken and approved. If this occurs, a separate taxing district is created with the lowered rate.

**Phase in Rates** – City or town tax rates can be incrementally increased over a three year period. If this occurs, a separate taxing district is created on the Abstract. The tax rates for the corporation funds are multiplied by 25% in year 1, 50% in year 2, and 75% in year 3.

**Tax Increment Financing (TIF) districts** – TIF is a method used by counties, cities and towns to finance economic and redevelopment projects. A geographical area is declared a redevelopment area and property taxes on the net assessed value growth of the area is used to finance the project.

**Local Option Income Tax (LOIT)** – refers to all three types of local income tax collectively.

**County Adjusted Gross Income Tax (CAGIT)** – one of the three different types of LOIT that can be adopted by counties. Counties cannot adopt both CAGIT and COIT. CAGIT is collected by the Indiana Department of Revenue and is distributed monthly to county auditors by the auditor of state's office. CAGIT can be adopted to distribute revenue to taxing units, replace property tax levies, to fund property tax credits, to fund public safety expenses or fund specific purposes authorized by state legislation.

**County Option Income Tax (COIT)** – Second category of LOIT. See "CAGIT" definition above.

**County Economic Development Income Tax (CEDIT)** – third category of LOIT. Counties can have CEDIT at the same time as COIT or CAGIT. CEDIT for homestead credit is distributed annually in May.

**Property Tax Replacement Credit (PTRC)** – a property tax credit that can be adopted by a county to apply to all property types funded with either CAGIT or COIT. Also, counties can adopt a residential property tax replacement credit to apply to residential property only funded with CAGIT, COIT or CEDIT.

**Homestead Credit (HSC)** – a property tax credit that can be adopted by a county to apply to homestead property only funded with CAGIT, COIT or CEDIT.

**Circuit breaker adjusted property tax distribution rates (CB Adjusted rates)** – property tax rates adjusted to increase the distributions to protected funds and decrease the distributions to unprotected funds to cover to the extent possible the protected funds circuit breaker revenue loss

**Property tax year** – the year in which property taxes are billed, collected and distributed. For example, 2014 pay 2015 begins January 1, 2015 and ends December 31, 2015.